

A Coronavirus Safety Net: An Emergency Plan to Rescue US Workers



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Takeaway

The United States is staring down a recession, and potential depression, as a result of the coronavirus. Yet our nation's safety net wasn't built to handle a crisis like this and is wholly inadequate to meet the needs of millions of laid-off workers and their families in the midst of this global pandemic. As Congress considers the next aid package, it needs to act on a massive scale. We need a Coronavirus Safety Net that protects everyone with more cash in their pockets and more resources to help them manage the economic fallout.

The coronavirus is wreaking havoc on our nation's workers. Government officials have called for social distancing, and governors have ordered non-essential businesses to close and have even ordered many essential businesses to temporarily change the way they operate. American workers have lost their jobs as businesses across the service sector, from restaurants to retailers, have closed their doors. And thousands more businesses are coping with how to make payroll as the crisis continues. In the last two weeks of March, over 10 million Americans filed for unemployment benefits, and by April 4 another 6.6 million joined the unemployment rolls.¹ Even for people who have kept their jobs, work looks completely different now, with families working and learning remotely and children home from school and daycare.

Congress has taken swift initial action to shore up the safety net to help workers weather this pandemic and its impact on the economy. In the Families First Coronavirus Response Act, Congress increased funding for states' unemployment insurance systems, established emergency paid sick and family leave, and promoted continued access to food security programs. In the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the \$2.2 trillion third stimulus package, Congress went even further—greatly expanding unemployment insurance, boosting funding for childcare, food assistance, and other supports, and providing Americans with direct cash payments of \$1,200.

That federal action was essential, but we still have a safety net that wasn't built to handle a crisis like this. As a result, it doesn't fully protect millions of laid-off workers and their families in the midst of this global pandemic. In particular, women and people of color are facing the most severe financial hardships as they are disproportionately employed in low-wage, hourly positions in industries that have shut down. As Congress considers the next aid package, it needs to act on a massive scale. **We need a Coronavirus Safety Net that protects everyone with more cash in their pockets and more resources to help them manage the economic fallout.** Here's how to do that:

1. Help families pay their bills with additional direct cash payments.
2. Expand access to unemployment benefits for more Americans.
3. Increase food assistance for low-income families with expanded SNAP benefits.
4. Ensure access to child care for frontline workers.
5. Protect workers with debt.
6. Ensure all Americans can work and learn remotely with broadband subsidies.
7. Pay Down, Upskill.

1. Help families pay their bills with additional direct cash payments.

Millions of Americans are out of work because of the pandemic, and even workers who have kept their jobs may see their incomes decline as economic activity shrinks. Before the crisis, even when unemployment was low, nearly 1 in 5 Americans struggled to pay their bills each month due to rising costs of things like child care, housing, and health care. Racial and ethnic minorities were more likely to struggle to pay their monthly bills than whites. And single parents were more likely to report a negative financial situation than married parents.² As this crisis continues, more families will struggle to afford basic necessities.

Congress must step in. Every month until the pandemic ends or businesses reopen, Congress should provide direct cash payments to support the incomes of low- and middle-income families. Similar to the first round of direct cash payments, future payments can be given to individuals earning up to \$75,000 or couples earning up to \$150,000 and phased out above those thresholds. Payments could be similar to what was included in the last rescue package: \$1,200 for each person, with an additional \$500 for those with dependents (including adult dependents, such as those with disabilities). Further, upcoming direct cash payments should specify that anyone eligible for unemployment benefits can also receive cash payments. This way, we don't exclude people who may have made a decent salary in 2018 but now are without work and need assistance.

Establishing a series of regular payments will give households the certainty they need to get through this time. Providing direct payments will not only help more families pay the bills and put food on the table—it will also keep our economy working, at least partially. As families spend this money on things like groceries, household products, and other necessities, that money will have a multiplier effect and spur further economic activity.

2. Expand access to unemployment benefits for more Americans.

Since this pandemic began, nearly 17 million Americans have filed for unemployment benefits, with millions more expected to follow as the economic effects ripple outward. While Unemployment Insurance (UI) is essential, this crisis has laid bare the gaps in the system. UI rules vary from state to state, but too many Americans are ineligible for benefits. As part of the CARES Act, Congress has temporarily extended UI benefits to self-employed people, independent contractors, gig workers, and people seeking part-time work.

That's a huge first step. Now, eligibility for UI should be expanded to these workers until the pandemic ends or businesses reopen. This will modernize our UI system to protect far more people throughout the length of this crisis.

Sen. Michael Bennet (D-CO) has also released an important proposal to reform UI to expand benefits to more workers, enhance those benefits, and ensure the program kicks in sooner as an economic stabilizer.³ For example, the Bennet proposal would expand eligibility to part-time workers available for or seeking only part-time work and would require all states to provide at least 26 weeks of benefits. The proposal would also automatically trigger Extended Benefits (additional weeks of UI benefits during particularly weak economic conditions) by tying them more closely to changes in the unemployment rate.

3. Increase food assistance for low-income families with expanded SNAP benefits.

The Supplemental Nutrition Assistance Program (SNAP) provides low-income families with monthly benefits to help them afford food. By the end of 2019, roughly 19 million households participated in the program, encompassing over 37 million Americans.⁴ One quarter of SNAP households are headed by single parents, and one in five SNAP households include elderly individuals living alone.⁵ To be eligible for SNAP, a household's income generally must be at or below 130% of the federal poverty line, or \$27,700 a year for a family of three.⁶ Food assistance programs also have limitations on what can be purchased using benefits—limitations that don't make sense during this crisis. For example, SNAP cannot currently be used to purchase cleaning supplies, paper products, or hygiene items.

Congress needs to expand SNAP to meet increased demand. Benefit eligibility should be 300% of the federal poverty level or higher (up from the current eligibility level of 130%) until the end of the emergency. Congress should also increase the monthly benefit amount that SNAP-eligible families receive, as House Democrats and the Center on Budget and Policy Priorities have called for.⁷ House Democrats' Take Responsibility for Workers and Families Act would raise SNAP benefits by 15% during the coronavirus-related economic downturn. For a family of three, the estimated average monthly benefit is \$378, so a 15% increase would give families \$57 more each month.⁸ Americans should also be able to use their SNAP benefits on health and sanitation products as well as online food delivery.⁹

Increasing SNAP benefit levels doesn't just help lower-income families put food on the table and keep them out of poverty during economic downturns; it was also one of the most effective economic stimulus measures enacted during the Great Recession. Each dollar used to raise SNAP benefit levels generates more than a dollar of economic activity.¹⁰

4. Ensure access to child care for frontline workers.

While many Americans are working from home right now, frontline workers handling the pandemic response effort don't have that option. This includes hospital staff, pharmacists,

grocery store employees, first responders, and many others. At the same time, many daycare centers across the country have closed and schools have gone virtual. This leaves essential workers with children struggling to balance family and work responsibilities. For example, 4.6 million health care workers have children under the age of 14, and many are single parents; roughly 15% of health care workers need access to child care when schools close.¹¹

We must ensure workers on the frontlines of this pandemic have access to child care. Congress should provide funding to states to be distributed to daycare centers and other child providers that remain open to care for the children of frontline workers. States can contract with child care providers to provide slots for these families as well as expand capacity for families of other frontline workers. Given the extraordinary circumstances of this crisis, the government should fully cover the operating costs of these daycare centers. There should be few restrictions on which families can benefit from this funding, and there should be no parental cost-sharing requirement.

5. Protect workers with debt.

Millions of workers have lost their jobs and are seeing incomes decline due to the coronavirus. This leaves families with less cash on hand to pay for unexpected expenses or emergencies, like refrigerator or car repairs. And even before this pandemic, nearly 40% of Americans would have struggled to cover an emergency \$400 expense, particularly racial and ethnic minorities.¹²

To help families manage unexpected expenses during this crisis, Congress should authorize no-interest loans to every American until the pandemic ends and businesses reopen. Loans could be offered in amounts up to \$5,000, repayable over five years, and there should be few restrictions on how borrowers use these loans. Banks could make these loans and the federal government could guarantee them. To ensure these loans go to families that truly need it, Congress can limit eligibility to individuals earning \$75,000 or less a year or couples earning \$150,000 as well as to individuals who have lost their jobs and are now eligible for unemployment benefits.

Congress should also protect borrowers who are unemployed from having to make debt payments while the economy is at a standstill. The CARES Act took a number of steps to provide financial institutions with regulatory relief and maintain financial market stability during this crisis. For example, the Act allows the Federal Deposit Insurance Corporation to guarantee bank debt and allows the Office of the Comptroller of the Currency to exempt transactions from its lending limits.¹³ Congress should go further and require banks benefiting from these provisions to provide loan deferments to people who've lost their jobs. This will allow more Americans to hold off on making payments until the economy recovers. Additionally, the New Democrat Coalition has called for federal agencies to be granted the

ability to defer payments on existing direct or guaranteed loans, leases, and other commitments for affected individuals for at least three months.¹⁴

6. Ensure all Americans can work and learn remotely with broadband subsidies.

Broadband is a necessity, not a luxury, in the digital age. That's even more the case with millions of Americans working and learning from home during this crisis. Yet access to broadband and computers remains highly uneven in this country. In 2016, among households with incomes of \$150,000 or higher, 96% had a broadband Internet subscription and 99% had a computer. Among households with incomes below \$25,000, just 58% had broadband and 72% had a computer.¹⁵ Access is also uneven based on race and ethnicity. As of February 2019, 79% of whites had home broadband, compared to 66% of African Americans and 61% of Hispanics.¹⁶ And 82% of whites report owning a desktop or laptop computer, compared to 58% of African Americans and 57% of Hispanics.¹⁷

Congress must ensure all families have equitable access to broadband during this pandemic. To start, we must automatically enroll more families in the FCC's Lifeline program, which provides low-income families with discounts on broadband service. Lifeline is a critical program, but in 2018, just 25% of eligible families participated in the program. As detailed in Third Way's [Broadband for All](#) proposal, reducing enrollment hurdles and boosting awareness of this program can help more families afford broadband during this pandemic. Second, Congress should also provide funding to give each Lifeline-eligible household a \$150-voucher to help pay for a basic computer. This will ensure families can actually use their low-cost broadband at home.

7. Pay Down, Upskill.

It's widely discussed that student loan debt has topped \$1.6 trillion in the United States, and during this economic crisis those loans are contributing to the financial stress of millions of American families—triggering calls for widespread loan forgiveness. But what's often obscured is the reality that only 21% of American adults currently hold any student loan debt. And a full 48% of our country's outstanding student loans are held by Americans with graduate degrees.¹⁸ As a result, proposals to cancel all, or even a large portion of, the student loan debt portfolio would leave out more than three-quarters of the adult population, providing greater economic relief to those who in many cases may already have the credentials and salaries they need to weather this economic storm.

Instead of blanket student loan forgiveness, Congress should make a postsecondary investment that will benefit all American workers by providing every American over the age of 18 with a voucher they can use to either pay down existing student loan debt or to pursue

high-quality training to upskill for the current and future economy. This \$5,000 credit could be used anywhere along the postsecondary pipeline, ranging from apprenticeships, stackable credentials, or certificate programs all the way to traditional two- and four-year programs. Those who have already obtained the credentials they need to get a good-paying career can apply this credit retroactively to pay down any federal student loan debt, and those who do not need the voucher for either upskilling or paying down student loans can donate it to a nonprofit postsecondary program or institution of their choice.

In addition to making sure workers can afford training, Congress should also provide an infusion of resources into our workforce development system, including technical and community colleges, to help build their capacity to provide training, as New America has called for.¹⁹ These dollars could go toward helping these institutions deliver training and services virtually. Training providers could also use these dollars to coordinate with local employers to provide training for workers who are on the payroll but are being asked to stay home.

Conclusion

Even before this crisis, it was clear that far more was needed to strengthen the social safety net for a new economic era. We need to modernize the Unemployment Insurance system with permanent changes that expand eligibility, income support, and other services to those out of work. We must drastically expand the Earned Income Tax Credit (EITC) to not only help everyone now eligible, but also broaden its reach to help those who are recently unemployed, on disability, and over the age of 55. And we need a suite of new protections for families that will automatically kick in during economic crises.

We will have time for that. But right now, millions of Americans are in a precarious economic position. Our nation's safety net wasn't built to handle a crisis like this and is wholly inadequate to meet the needs of millions of laid-off workers and their families in the midst of this global pandemic. As Congress considers the next aid package, it needs to act on a massive scale. We need a Coronavirus Safety Net that protects everyone with more cash in their pockets and more resources to help them manage the economic fallout.

ENDNOTES

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